

# City of Detroit

## CITY COUNCIL

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ANNE MARIE LANGAN  
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(313) 224-1078

TO: Loren Monroe, Auditor General

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 3, 2011

RE: 2011-2012 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2011-2012 Fiscal Year.

We would appreciate a written response to the issues/questions by **Tuesday, May 10, 2011**. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Thomas Lijana, Financial Director  
Floyd Stanley, Deputy Budget Department Director  
Ron Chenault, Budget Department  
Denise N. Gardner, Mayor's Office

## **Auditor General (50)**

### FY 2011-2012 Budget Analysis by the Fiscal Analysis Division

#### Summary

The Office of the Auditor General (OAG) is a Legislative General Fund Agency.

The recommended 2010-2011 budgeted appropriations total \$3,621,961, including \$1,433,953 (39.59%) for Auditing-CAFR, which is limited to the costs for the preparation of the 2011 KPMG single audit report, and the City's annual CAFR (Comprehensive Annual Financial Report). The agency's net tax cost is also \$3,621,961, which is \$145,272 (4.18%) more than the 2010-2011 FY.

The Mayor recommends no change in positions. In the 2010-11 FY, the Mayor eliminated three positions.

#### 2010-2011 Surplus/(Deficit)

A surplus of \$141,397 is projected for the OAG for the current fiscal year ending June 30, 2011. The surplus is due to an appropriation surplus due to vacancies.

#### Overtime

The Mayor's Proposed Budget has \$39,985 budgeted for overtime which is a \$1,868 (4.46%) decrease from the 2010-2011 FY.

#### Personnel and Turnover Savings

The Mayor anticipates no turnover savings for this agency.

Following is information by appropriation comparing budgeted FY 2010-11 positions, March 31, 2011 filled positions and FY 2011-2012 recommended positions.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2010-11</u>	<u>Filled Positions 3/31/2011</u>	<u>Mayor's Budget Positions FY 2011-12</u>	<u>Over/(Under) Actual to 09/10 Budget</u>	<u>Mayor's Recommended Turnover</u>
<b>Auditor General (50):</b>					
500010 Admin. & General Office	3	3	3	0	\$ -
500020 Auditing-Operations	12	10	12	(2)	\$ -
<b>00261 Auditing Operations</b>	<b>15</b>	<b>13</b>	<b>15</b>	<b>(2)</b>	<b>\$ -</b>
<b>11195 Risk Management Council</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>\$ -</b>
<b>TOTAL</b>	<b><u>17</u></b>	<b><u>15</u></b>	<b><u>17</u></b>	<b><u>(2)</u></b>	<b><u>\$-</u></b>

## Significant Changes in Funding by Appropriation

<u>Appro.</u> 0261	<u>Program</u> Auditing Operations	The Mayor's Proposed Budget for this appropriation increases by \$114,641. The increase is due primarily to a \$119,712 increase in org 50-0020 Auditing-Operations, due primarily to benefit increases. The increase is offset by a slight \$5,071 decrease in org 50-0010 Administration & General Office.
11195	Risk Management Council	This appropriation increases by \$16,928, due primarily to benefit increases.
12680	Auditing - CAFR	This appropriation of \$1.38 million contains the costs for the preparation of the 2011 KPMG single audit report, and the City's annual CAFR (Comprehensive Annual Financial Report), increases slightly by \$13,703.

<b>Auditor General (50)</b>			
Budgeted Professional and Contractual Services by	FY 2010-11	FY 2011-12	Increase
<u>Activity</u>	<u>Budget</u>	<u>Recommended</u>	<u>(Decrease)</u>
Auditing Operations	\$ 1,420,250	\$ 1,433,953	\$ 13,703
<b>Total</b>	<b>\$ 1,420,250</b>	<b>\$ 1,433,953</b>	<b>\$ 13,703</b>

Professional contractual services increase slightly by \$13,703 (0.96%) in the 2011-2012 FY.

## Issues and Questions

The Mayor eliminated three positions in the 2010-11 FY budget for the Office of the Auditor General (OAG).

- Given the fact that the OAG has a chartered mandated responsibility to audit each department in the City every two years, Is the current level of staffing adequate for the OAG to fulfill its chartered mandated auditing responsibilities?

Does the FY 2011-12 budget accurately reflect the costs for the KPMG single audit and the CAFR?

The OAG has been given the responsibility to monitor the City's Stimulus activities.

- Please describe the OAG's role in this activity.
- Have the OAG's current staffing level impacted this endeavor?

**(Pg. 50-3) Auditing Operations Measures and Targets**

<b>Outputs: Units of activity directed towards Goals</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
	<b>Actual</b>	<b>Actual</b>	<b>Projected</b>	<b>Target</b>
Reports on Audits of Financial Transactions	26	19	21	21

- Is the OAG currently performing in line with the 2010-11 projection?

<b>Outputs: Units of activity directed towards Goals</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
	<b>Actual</b>	<b>Actual</b>	<b>Projected</b>	<b>Target</b>
Claims hearings	45	42	40	45

- The performance measures for claims hearings are projected to decrease to 40 in the current and the fiscal year, but this is targeted to increase to 45 the 2011-12 FY. What is the basis for these projections?

Do you have any suggestions for the Charter Commission, which would improve the functions of the OAG?

IC:DH